

Message Text

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PAGE 01 JAKART 00729 211411Z

46

ACTION EA-09

INFO OCT-01 ISO-00 AID-05 AGR-05 SP-02 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2229

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(C O R R E C T E D C O P Y - DELETING REF LINE)

PASS AID AND AGRICULTURE

EO 11652: NA

TAGS: EAID ID

SUBJECT: CY 1976 PL-480, TITLE I PROGRAM

URGENCY TO MOVE FORWARD ON NEW CY 1976 PL-480, TITLE I
AGREEMENT PROMPTS FOLLOWING MISSION COMMENTS REGARDING
ISSUE COMMODITY PREFERENCES RAISED REFTEL:

1. SERIES OF MEETINGS BETWEEN BULOG AND AGATT THIS SUBJECT
HAS RESULTED IN GENERAL ARIFIN REQUESTING THAT
ENTIRE \$30 MILLION ANNOUNCED IGGI BE USED FOR
WHEAT PURCHASES. ARIFIN AWARE UMR WILL BE APPLIED
ANY NEW AGREEMENT FOR WHEAT. HE HOPEFUL GOI REQUEST
FOR 200,000 TONS WHEAT FINANCED UNDER CCC EXPORT
CREDIT SALES PROGRAM WILL BE APPROVED TO PERMIT THEIR
WORKING OFF SUCH REQUIREMENT. UMR DIFFICULTIES ASSOCIATED
WITH LAST YEAR'S AGREEMENT AND FACT GOI UNWILLING TO
RESTRICT FREE COTTON IMPORTS AS A MEANS TO FORCE UMR
COMPLETION MAKES COTTON LESS DESIRABLE. PRESSURE PLACED
ON BULOG TO PURCHASE NEEDED RICE IMPORTS FROM OTHER
ASIAN COUNTRIES MAKES RICE EVEN LESS DESIRABLE. ARIFIN
REALIZING U.S. IN SURPLUS POSITION RICE WITH 800,000 TONS
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PAGE 02 JAKART 00729 211411Z

OF RICE PROGRAMMED UNDER PL-480, TITLE I PROGRAM INDICATED

GOI COULD USE MAXIMIM 100,000 TONS U.S. RICE IF ADDITIONAL
PL-480 FUNDS WERE MADE AVAILABLE AND NO REPEAT NO UMR
APPLIED SINCE HE FEELS HE WANTS TO BE FREE TO PURCHASE COMMERCIALY
FROM ANY SOURCE INCLUDING PRC, ETC. BULOG CURRENTLY
NEGOTIATING COMMERCIAL PURCHASE APPROX. 500,000 TONS RICE
WHICH INCLUDES 200,000 FROM THAILAND, 200,000 NORTH KOREA
AND BALANCE UNSPECIFIED. THIS BEING DONE BECAUSE OF CONCERN
THAT THE 1976 RICE HARVEST MAY NOT BE AS GOOD AS PLANNED DUE
PRIMARILY TO SPREADING PLANT PEST PROBLEM. ADDITIONAL IMPORTS
MAY FOLLOW BASED ON LAMDR ASSESSMENT THIS PROBLEM

2. WHEAT, RICE AND COTTON CONTINUE PRESENT VARIOUS PROBLEMS
FOR PL-480 AGREEMENT. HOWEVER, MISSION NOW SELLS WHEAT
INVOLVES THE LEAST DIFFICULTIES OF THE THREE. URGE, THEREFORE,
EARLIEST CONSIDERATION NEW AGREEMENT FOR WHEAT ONLY TO SUPPORT
LARGE IMPORT REQUIREMENT AND MAXIMIZE MARKET DEVELOPMENT
EFFORTS THIS COMMODITY IN INDONESIA. CCC EXPORT CREDIT SALES
PROGRAM MAY OFFER BEST OPPORTUNITY TO MOVE U.S. RICE INTO
INDONESIA MARKET WITHOUT CREATING ADDITIONAL PROBLEMS
WITH THAILAND AND OTHER RICE SUPPLY COUNTRIES.
RIVES

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